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Better Marketing



Division of Marketing and Marketing Agreements

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VEGETABLE AND POTATO GROWERS FORMULATE RECOMMENDATIONS TO GOVERNMENT AGENCIES

**National Conference of Producers Held at Washington July 15 to 17—
Make Proposals Designed To Assist in Meeting Production,
Marketing, and Credit Problems**

Recommendations designed to assist in meeting some of the problems that confront vegetable and potato growers in production, marketing, and credit were made at a national conference of producers of these products, July 15 to 17.

The conference was called by the Secretary of Agriculture and was held at the Department of Agriculture. It was attended by more than 70 representatives of vegetable and potato growers from all sections of the country. Arrangements for the conference were in charge of an inter-departmental committee recently established to study problems with which vegetable and potato growers are concerned. This committee includes representatives of the various bureaus of the Department of Agriculture, the Agricultural Adjustment Administration, and the Farm Credit Administration.

At the conference representatives of these various governmental agencies outlined their respective activities on behalf of the vegetable industry. The growers' representatives discussed the need for more effective assistance in solving many of their problems. Special conference committees made recommendations to the Department of Agriculture and to the Farm Credit Administration on the basis of the presentations and discussions during the conference session.

The following recommendations were made by the conference to the United States Department of Agriculture and the Farm Credit Administration:

Information and Extension Work

Solution of the problems of growers in planning acreage and in orderly marketing of crops require accurate information on crop data, price quotations, and analysis of supply and demand factors.

Adequate information on these matters has not been available because of the lack of funds and personnel in the reporting and analyzing units of the Department of Agriculture, and in the Federal and State Extension Services.

We, therefore, recommend that the Department move to improve:

(1) The estimates of truck crops and reports of truck crop movements, by means of more timely and extensive reports and of annual limited surveys of crop areas;

(2) The estimates of potato acreage and production and utilization;

(3) The price-analysis research and outlook information on potato.

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FEDERAL COURT AFFIRMS ORDER ENJOINING SHIPPER

**Decision Rendered July 22, 1937, by
Ninth Circuit Court, Upholds Mar-
keting Provisions of Act**

The decree of the District Court of the United States for the Southern District of California, permanently enjoining Hugh David Edwards from shipping oranges in interstate commerce and to Canada in disregard of an order of the Secretary of Agriculture providing for the establishment of shipping quotas of oranges and grapefruit, was affirmed by the United States Circuit Court of Appeals for the Ninth Circuit by its decision rendered July 22, 1937.

The case involved the constitutional validity of an order regulating the handling of oranges and grapefruit grown in the States of California and Arizona, and of the provisions of the Agricultural Adjustment Act, as amended on August 24, 1935, pursuant to which the order was issued by the Secretary of Agriculture.

The court held that the provisions of the act, as applied by the order: (a) Were within the scope of the Federal commerce power, (b) were consistent with due process of law, and (c) did not involve any invalid delegation of power to the Secretary. The court further held that the provisions of the act whereby the effectiveness of the order was made dependent upon a determination by the Secretary that the order was approved or favored by a given percentage in volume of producers and upon the execution of a marketing agreement entered into by the Secretary with handlers of a given percentage of volume of the fruit covered by the order, did not involve any delegation of power to such handlers or producers. It was also held that the marketing-agreement and order provisions of the act were separable from the processing-tax and related crop-adjustment-control provisions declared invalid in the *Hoosac Mills* case.

Holds Regulation in Power of Congress

In discussing the regulation as being within the scope of the Federal commerce power, the court stated that the regulation involved in this case was "none the less within the regulatory power of Congress to remove the throttling effect of interstate commerce by recurring depressions because the regulations affect the volume and sales prices either of the merchandise produced within and carried out of the State or that produced and remaining within it."

OREGON CAULIFLOWER TO HAVE MARKET PROGRAM

**Provision Made for Regulating Ship-
ments by Grades and Sizes and
for Period Proration**

Handlers of cauliflower grown in Oregon will operate under a marketing agreement and order which became effective July 23.

The program makes provision for regulation of shipments of cauliflower by grades and sizes and for period proration of shipments to markets outside the producing area. During any regulation period all shipments of cauliflower from the specified district are to be graded and certified on the basis of United States Department of Agriculture or Oregon State grades.

Administration of the program will be through a control committee of 13 members representing growers and handlers. Cooperative handlers are represented by four members, independent handlers by five, northern district growers by three, and southern district growers by one.

Order for Citrus Fruit Grown in Florida Terminated July 31, 1937

The order regulating the handling of citrus fruits grown in Florida was terminated at midnight July 31, 1937, because the marketing agreement which is supplemented expired at that time.

According to the terms of the order itself, members of the control committee will continue to function after its termination in order to liquidate the affairs of the committee.



F. R. WILCOX, *Director*

BETTER MARKETING is issued as a means of communicating to workers and cooperators of the Division of Marketing and Marketing Agreements information relative to the Division's activities under the Agricultural Adjustment Act and related Acts

UNITED STATES
DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

NATHAN KOENIG • *Editor* • BETTER MARKETING

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atoes and other vegetables, and the facilities for extending such information to growers; and

(4) The market news service on potatoes and other vegetables.

For the most effective crop estimating and reporting work, more precise and extensive Census data are required. We therefore request the Secretary of Agriculture to transmit to the proper authorities our endorsement of the inclusion of a complete list of vegetable items in the 1939 census.

Standardization and Inspection

There is need for greater use of uniform grade standards and inspection methods in order to improve the quality of vegetables and potatoes shipped to market, and to promote greater stability in handling these commodities by preventing certain unfair practices such as misbranding and short weights. It is felt that consumer demand for vegetables and potatoes can be increased by offering graded products in the retail outlets.

We, therefore, recommend that the potato and vegetable industry take the following steps:

(1) Advocate the enactment of such State legislation as may be necessary and the adoption of such enforcement policies as will enable the States to supplement the enforcement of the misbranding and net-weight provisions of the Federal Food and Drug Act;

(2) Advocate the enactment by the Congress of legislation providing that all potatoes moving in interstate commerce must be branded, tagged, or described in terms of United States grades or as unclassified, except that potatoes sold as seed and so labeled, tagged, or identified and described in compliance with the laws of the State of origin shall be exempted;

(3) Advocate the enactment of legislation by the States generally similar to that of the State of Connecticut to provide that each package of potatoes sold or delivered to consumers shall be marked with the

appropriate United States grade, or as unclassified.

Distribution and Demand

The introduction of mass distributing methods especially by private and co-operative retail chain systems has become increasingly important to vegetable and potato growers both by creating new problems and by presenting new opportunities in the development of effective marketing programs. There is need for providing a better basis for meeting these changed conditions by establishing satisfactory working relationships between growers and large retail distributors.

We, therefore, recommend that:

(1) Growers form strong organizations to standardize their products and to increase their bargaining power in order to deal more effectively with large distributing concerns, and to facilitate the movement of potatoes and vegetables to consumers during peak harvesting periods and when surpluses occur;

(2) Investigations be made to find a means by which the financing of production by distributors can be eliminated, with the substitution of forms of production credit better suited to effective marketing methods from the standpoint of growers;

(3) A conference of growers and representatives of mass distributors be called, preferably by the Secretary of Agriculture, to consider the possibilities of developing a joint program for the potato and vegetable industry; and

(4) Greater correlation of production and marketing activities in the research and educational work of the Department and of State agricultural colleges by placing greater emphasis on projects dealing with marketing, distribution, and consumer demand, including studies of costs and efficiency of marketing methods.

There is great opportunity for improving the health of our people as a whole and also benefiting vegetable and potato growers through public education in the value of properly balanced diets. We recommend that Federal and State institutions give greater attention to research in the fields of advertising and the promotion of consumption, including effective and logical methods of financing and conducting advertising campaigns.

Agreements and Surplus Removal

Marketing-agreement and surplus-removal programs offer considerable benefit to vegetable and potato growers for improving their returns by influencing the quantity, quality, rate of flow to market, and the diversion of surpluses from the normal trade outlets. There are possibilities for greater use of these programs in areas where groups are willing to work together and competitive conditions favor their operation.

We, therefore, recommend that:

(1) Vegetable and potato growers consider the possibilities of greater utilization of marketing-agreement programs as a means of improving unsatisfactory market conditions;

(2) The Department and State educational agencies undertake edu-

cational work in the immediate future to inform potato and vegetable growers of the possibilities as well as the limitations of marketing-agreement programs;

(3) The President and Secretary of Agriculture consider the use of any or all provisions of the Marketing Agreement Act in developing marketing-agreement programs in situations where growers are willing to take the necessary steps to obtain the benefits of these programs;

(4) The Department conduct research studies dealing with the possibilities and development of new uses and new outlets for potatoes and vegetables as a means of handling surpluses; and

(5) The Department limit the use of diversion and purchase programs primarily to situations in which funds thus available may help make effective the efforts of growers in meeting their marketing problems.

Conservation Programs

There is less participation in present soil conservation programs by potato and vegetable growers than by growers of other important crops. Revisions in these programs are needed to enable truck-crop growers to participate more generally in them.

We therefore recommend that the Secretary of Agriculture consider the following:

(1) Such changes be made in the soil conservation program as will make it applicable to vegetables and potatoes on a basis equivalent and comparable to other parts of the program such as tobacco, cotton, and peanuts;

(2) The establishment of a separate base for Irish potatoes and a separate base for all other commercial vegetables, including strawberries, watermelons, and sweet potatoes;

(3) The rate of payment should be made commensurate with the value of crop and the sacrifices made by the grower;

(4) Bases should be determined regionally so as to insure an equitable adjustment according to varying conditions; and

(5) In case a referendum is conducted for other crops in the 1938 program it also includes potatoes and vegetables.

Vegetables for Canning

There is need for growers of vegetable crops for processing to take steps to improve their returns by promoting the orderly marketing of their crops through standardized contracts, the greater use of standard grades, and the development of State and regional committees.

(1) We advocate the enactment of Federal legislation to provide authorization for marketing-agreement programs.

(2) We recommend use of standard contracts between processors and growers, including the purchase of the raw products on the basis of United States grades as such grades

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AMENDED ORDER FOR BOSTON MILK MARKET EFFECTIVE AUGUST 1 WITH PRODUCER APPROVAL

An amended order for handlers of milk in the Greater Boston, Mass., marketing area became effective August 1 after a producers' referendum approving changes needed to bring the pricing and payment provisions of the recently reinstated order in line with current market conditions. Samuel W. Tator, who administered the order before it was suspended on August 1, 1936, has been reappointed as milk market administrator.

The order was suspended last year after the Federal District Court in Boston held that the marketing-agreement and order provisions of the Agricultural Adjustment Act were invalidated when the Supreme Court nullified the production-control provisions of the act. However, when the first circuit court of appeals recently unanimously reversed the decision of the lower court, the order was reinstated July 1.

During July a tentatively amended marketing-agreement program was submitted to handlers for signature. At the same time milk producers supplying the Boston market were requested, through a referendum, to indicate whether they favored the issuance by the Secretary of Agriculture of amendments to the reinstated order which would make the provisions of the program applicable to all handlers operating in the marketing area.

Producers Approve Issuance of Order

Handlers failed to sign the marketing agreement but the referendum, conducted July 16 and 17 throughout the Boston milkshed, in which Maine, Vermont, New Hampshire, Massachusetts, and New York are included, showed that virtually 73 percent of the 12,000 producers voting were in favor of the proposed amendment to the order. Accordingly, on July 28, Acting Secretary of Agriculture M. L. Wilson issued the amended order with the approval of the President.

Boston Marketing Area Defined

The Greater Boston marketing area is defined as the territory included within the boundary lines of the cities and towns of Arlington, Belmont, Beverly, Boston, Braintree, Brookline, Cambridge, Chelsea, Dedham, Everett, Lexington, Lynn, Malden, Marblehead, Medford, Melrose, Milton, Nahant, Needham, Newton, Peabody, Quincy, Reading, Revere, Salem, Saugus, Somerville, Stoneham, Swampscott, Wakefield, Waltham, Watertown, Wellesley, Weymouth, Winchester, Winthrop, and Woburn, Mass.

This area is supplied with milk by from 16,000 to 17,000 New England farmers. It is estimated that 52 percent of the milk and cream received in the Boston market comes from Vermont, 14 percent from Maine, 13 percent from Massachusetts, 13 percent from New Hampshire, 7 percent from New York, and the remainder from Connecticut and other States. Thus, more than 86 percent of all the milk and cream received in the Boston market originates outside the State of Massachusetts.

MARKET PROGRAM FOR TEXAS CITRUS EFFECTIVE

Agreement and Order Cover Grapefruit and Oranges Grown in Three Texas Counties

A marketing agreement and order for handlers of grapefruit and oranges grown in Cameron, Hidalgo, and Willacy Counties, Tex., became effective July 13.

The agreement was signed by handlers of more than 60 percent of the volume of oranges and grapefruit in the area, and the order was issued after determination by the Secretary of Agriculture that its issuance was approved by more than two-thirds of the growers.

The program under the agreement and order was developed by leading growers and shippers and was considered at a public hearing held in February 1937 at Mercedes, Tex. It is designed to assist the industry in improving marketing conditions and returns to growers. The program provides for regulation of out-of-State shipments of citrus fruits so that supplies may be adjusted more nearly in keeping with market requirements.

Two Methods of Regulation Provided

Two methods for adjusting shipments of grapefruit and oranges grown in the three Texas counties are provided for. One permits regulation of shipments by volume, on a weekly basis, and the other permits limitation of shipments to specified grades and sizes. These methods may be employed in combination or separately.

Two committees, to be named by the Secretary of Agriculture from nominations submitted by growers and shippers, will administer the program. A growers' industry committee of 12 members, selected on a district basis to represent growers, will be the main administrative body of the program. The other will be a shippers' marketing committee of seven members to represent handlers of grapefruit and oranges produced in the area. Nominations for members of each committee are now being made by growers and shippers.

The growers' industry committee and the shippers' marketing committee have authority under the marketing agreement and order to make recommendations to the Secretary of Agriculture for regulation of shipments on the basis of volume or by grades and sizes as a means of improving marketing conditions and returns to growers.

FLORIDA CELERY PROGRAM IS OFFERED TO INDUSTRY

Marketing Agreement Tentatively Approved by Secretary of Agriculture— Grower Referendum Being Held

A marketing agreement regulating the handling of celery grown in the State of Florida has been tentatively approved and submitted to the industry for signature. A referendum among growers to determine whether they favor the issuance of an order based on the marketing agreement is now being held.

The agreement contains essentially the same provisions as did the former Florida celery marketing agreement, a 1-year agreement which operated during the 1934-35 season and expired December 1, 1935. The new agreement as proposed for hearing was prepared by a committee of growers and shippers appointed by the industry, and the hearing request was signed by the trustees for the former marketing-agreement program together with growers and shippers representing more than three-fourths of the Florida celery industry.

Major Provisions of Program

The major provisions of the proposed agreement and order are: (1) Regulation of out-of-State shipments on a volume basis; (2) establishment of a control committee; (3) assessments to provide funds for the operation of the agreement; and (4) termination.

The tentatively approved agreement provides that whenever conditions make it advisable to regulate out-of-State shipments of celery, the control committee would recommend to the Secretary of Agriculture the establishment of a proration period, or series of proration periods. For any proration period the committee would determine the estimated quantity of celery available for shipment and the quantity deemed advisable to ship during the period.

Control Committee To Be Nominated

The control committee which will administer the agreement consists of 16 members, 8 of whom are shippers, and 8 growers. Members would be selected from the four districts established by the agreement and which include the entire State, as follows: Sanford District, four shippers, three growers; Oviedo District, one shipper, one grower; Sarasota District, one shipper, two growers; Manatee District, one shipper, two growers; Manatee and Sarasota Districts combined, one shipper. The members of the control committee would be selected by the Secretary of Agriculture from nominations made by growers and shippers.

The agreement provides that every shipper shall pay his pro rata share of the expenses incurred by the Control Committee and approved by the Secretary, but that the assessment shall not exceed 1 cent per crate.

The agreement also provides that the Secretary shall at the end of each marketing season consider requests from growers for a referendum to determine whether termination of the agreement is desired.

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are now or may be established.

(3) Further research and study of the possibilities and proper development of quick-freezing methods in marketing vegetables.

(4) The establishment of committees of growers in each of the important producing States, where not already established, to bring about the use of standardized contracts and to promote the interest of the growers in the orderly marketing of canning crops.

Credit

The acreage of vegetable and potato crops varies greatly from year to year. In years of large acreage large production is generally obtained with resulting low incomes to growers. To enable growers to meet these conditions better there is need for the development of co-operative associations whose functions shall include marketing, the cooperative buying of supplies, and the setting up of adequate reserves to secure production loans made to their members.

We recommend the following:

(1) The Department of Agriculture and the Farm Credit Administration conduct an active, intensive, educational campaign to acquaint vegetable and potato growers with the merits of cooperative buying of production materials, farm supplies, and cooperative marketing;

(2) The Department and Farm Credit Administration direct their crop-production financing so that growers will affiliate themselves with cooperative marketing and purchasing organizations, where such organizations now exist and are available, in order that the above-mentioned agencies may better assist potato and vegetable growers through such a coordinated program of production finance, cooperative marketing, and the cooperative purchasing of supplies;

(3) The Department and Farm Credit Administration assist vegetable and potato growers in developing such programs on a sound and constructive basis; and

(4) As a means of curbing the abuses resulting from speculative production financing it is requested that immediate investigation be made into the possibility of regulating by legislation this type of financing.

Organization

Vegetable and potato growers generally recognize that they need further organization to enable them to reach a common understanding on important problems.

We recommend the immediate appointment by the Secretary of Agriculture, upon the nomination by the vegetable and potato industry, of a national vegetable committee to be known as the "Potato and Vegetable Advisory and Coordinating Committee" to include one representative of each of the principal vegetable-producing States. The committee is to function through an ad-

visory committee of five members selected by the Secretary from five regions.

We further recommend the recognition of State-wide vegetable groups, and where they do not exist we recommend the establishment of such State-wide vegetable groups representing the various interests in the industry.

Immediate Program for Potatoes

The conference recognizes the emergency caused by prospects for a potato crop of 404,000,000 bushels. We recommend that the existing facilities of Government be used to alleviate the prospective disaster to the industry and prevent recurrence of such disasters by the following actions:

That the Agricultural Adjustment Administration prepare and make operative a program to divert the lower grades of the surplus of the 1937 crop of potatoes to by-product feed and other uses, and that such program should be supported by marketing-agreement programs to alleviate the very distressing situation confronting them.

To assist the industry the Department of Agriculture should establish a research program in potatoes that would obtain more adequate acreage, production and utilization information, new-product uses, new machinery for the manufacture of these new products, educational economics outlook work, and the making of mineral and vitamin analysis of potatoes.

That each State designate from a recognized State potato organization a member and his alternate to represent the growers in that State and send his name to the Secretary of Agriculture, but that in those States where there is no organization after September 1, 1937, the Secretary may designate a member and that the members so designated will constitute a potato committee of the United States and that from that group an executive committee of five members be elected to cooperate with the Secretary of Agriculture's vegetable committee.

In Attendance at Conference

The conference was attended by the following representatives of vegetable and potato growers: O. J. Odegard, Princeton, Minn.; H. H. Zimmerley, Norfolk, Va.; S. B. Shaw, College Park, Md.; Roy F. Symes, Sanford, Fla.; A. B. Greene, Churchland, Va.; R. Roy Ruff, Brownsville, Tex.; E. I. Oswald, College Park, Md.; C. J. Brockway, Mobile, Ala.; J. J. Hoeksema, Mobile, Ala.; H. N. Wilson, Columbus, Ohio; Henry G. Marguart, Orchard Park, N. Y.; John W. Geraty, Meggetts, S. C.; W. M. Case, Fort Collins, Colo.; W. S. Bishop, Doylestown, Pa.; A. P. Spencer, Gainesville, Fla.; C. W. Barker, Big Wells, Tex.; Samuel Kennedy, Clear Lake, Iowa; Carl McGuffey, Shelbyville, Mich.; Harry Bailey, Eaton, Colo.; Charles Angelone, Independence, La.; John R. Morris, Wilmington, N. C.; H. A. Reiley, Bellaire, Mich.; Frank Lyons, Lodi, Calif.; W. F. Heppe, Denver, Colo.; Hal

R. Pollitzer, Beaufort, S. C.; J. R. Rosborough, College Station, Tex.; George E. Prince, Columbia, S. C.; H. N. Randolph, Washington, D. C.; F. W. Hussey, Presque Isle, Maine; Jack Thornborrow, Millville, N. J.; L. P. Watson, Raleigh, N. C.; G. W. Lee, Hastings, Fla.; Roy Porter, Elba, N. Y.; G. S. Ralston, Onley, Va.; E. Y. Floyd, Raleigh, N. C.; F. L. Ballard, Corvallis, Oreg.; Joseph Andrasen, St. Anthony, Idaho; A. Morris Todd, Sparrows Point, Md.; L. B. Dietrick, Blacksburg, Va.; George S. Witmer, Sanford, Fla.; H. A. Drummond, Accomac, Va.; Edwin Warfield, Jr., Baltimore, Md.; E. E. Hale, Bay Minette, Ala.; Gust Reimer, Elberta, Ala.; E. B. Tussing, Columbus, Ohio; Scott Kelsey, Topeka, Kans.; John Christensen, Wilson, Conn.; R. W. Blackburn, Berkeley, Calif.; H. W. Day, Carbondale, Ill.; Alex Johnson, Berkeley, Calif.; C. W. Hauck, Columbus, Ohio; Andrew Robbie, Cavalier, N. Dak.; I. J. Kussee, Olmstead Falls, Ohio; C. E. Cramton, Castleville, Vt.; J. W. Lloyd, Urbana, Ill.; James E. Ewart, Cranbury, N. J.; L. R. Wren, Paducah, Ky.; W. James Prosser, Antigo, Wis.; Lloyd S. Stacy, Lowell, Ohio; P. T. Gordon, Eagle Lake, Tex.; John E. Jenkins, Yonges Island, S. C.; William H. Martin, New Brunswick, N. J.; H. D. Brown, Worthington, Ohio; Mrs. Virginia Jenckes, Member of Congress, Washington, D. C.; J. B. Dey, Londonbridge, Va.; F. L. Blount, Bethel, N. C.; D. E. Timmons, Gainesville, Fla.; Frank App, Bridgton, N. J.; F. C. DeMott, Moultrie, Ga.; H. K. Work, Baltimore, Md.; and H. F. Thompson, Attleboro, Mass.

Regulations Limited Shipments of Watermelons From Southeast States

Two regulations limiting watermelon shipments from the Southeastern States of Florida, Georgia, South Carolina, and North Carolina, to certain grades, and two regulations halting shipments entirely for 48 hours on each occasion, were in effect during July. The control committee administering the marketing agreement program for the southeastern watermelon industry had found these measures necessary because of unusually heavy shipments of watermelons from this area. A 7-percent increase in acreage and a 21-percent increase in production in these States had resulted in such large accumulations of supplies in terminal markets that grower prices had been forced to extremely low levels.

The first regulation to be made effective this year excluded culls and melons grading below U. S. No. 2 from shipment out of the four States between July 1 and July 15. This measure failed to sufficiently slow down the movement of watermelons and a 48-hour shipping holiday was made effective for July 8 and 9. A stricter grade regulation, limiting shipments during the period July 15-August 1 to melons grading U. S. No. 1 or better, then went into effect but the continued heavy movement of watermelons necessitated a second 48-hour halt in shipments, effective July 15 and 16. It is not anticipated that further regulations limiting shipments will be necessary this season.